

**Testimony
of
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Vice President of Organic Sales
Earthbound Farm
on behalf of
United Fresh Fruit & Vegetable Association
before the
House Committee on Agriculture
Stockton, California
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Good morning Mr. Chairman and Members of the Committee. My name is Tonya Antle. I am Vice President of Organic Sales at Earthbound Farm. My love and enthusiasm for produce started early, growing up on my family's table grape and citrus farm in Delano, California. After earning a Bachelor's Degree in Communications from UC Irvine, I started my sales and marketing career in produce in the early 1980s with Frieda's of California, the nation's leading marketer of specialty produce. I later joined Pavich Family Farms, where I led the expansion of the company's organic products line, working both in sales and as a marketing manager. I have proudly served in my current position at Earthbound Farm since 1998.

Earthbound Farm's mission is to bring the benefits of organic food to as many people as possible and serve as a catalyst for positive change. And we realize that to bring the benefits of organic food to as many people as possible means that we must get our organic produce to everyone's favorite stores. As we strive to increase the availability of organics, we have focused on addressing the needs of today's retailers and produce managers by offering them a reliable year-round supply, a wide variety of products, and the guarantee that we uphold the highest quality and safety standards in our industry.

Although Earthbound Farm started 22 years ago in Carmel Valley with just 2 ½ acres and a roadside stand, today, Earthbound Farm's more than 100 varieties of certified organic salads, fruits and vegetables are grown on 26,000 acres, and are available in 74% of America's supermarkets, making Earthbound Farm the most recognized organic produce brand in North America. We have grown to become one of the most widely available and most recognized organic brands in the nation. And we're proud that throughout that growth, our commitment to organic farming has not only never wavered, but grown stronger with each challenge.

We believe strongly that growing organically should benefit the farmers who spend their days amongst Earthbound Farm crops. We believe that growers who invest the extra time, effort, and added risk of farming organically should be rewarded for their stewardship of the land with a decent living. Earthbound Farm's marketing efforts strive to achieve a fair price for quality products. So whether farmers work directly for Earthbound Farm, or contract to sell produce under the Earthbound Farm label, we promise a fair reward for their labor.

I am also pleased to offer this testimony on behalf of United Fresh Fruit & Vegetable Association, a national association representing the views of producers, wholesalers, distributors, brokers, and processors of fresh fruits and vegetables. United has provided a forum for the produce industry to advance common interests since 1904.

Organic Produce

Once considered a sacrifice in quality to support a certain set of beliefs, organic food is now thought of as premium quality, offering both personal and environmental benefits. During the past decade, U.S. organic sales have grown 20 percent or more annually. Organic food and beverage sales are estimated to have topped \$15 billion in 2004, up from \$3.5 billion in 1997. Sales are projected to more than double by 2009.

Organic farmers aren't the only ones who know this. Many "conventional" growers have been using organic materials in their farming operations for over fifty years. The result of such farming practices, evidencing proper stewardship of the land, is soil health and capacity that benefits landowners, farmer owners, and consumers of crops produced on such ground. Indeed, healthy soil, coupled with good organic farming practices, strengthen plant health, eliminating the need for pesticides in a number of situations. Organic yields can be lower than those of conventional crops, in our experience, but the benefits to farmland and the plant as a whole from organic farming methods are beyond doubt in our opinion. There can be little doubt that organic farming techniques are beneficial to the ongoing health and sustainability of agricultural land and of our world as a whole.

As members of this Committee know, certified organic production is a rapidly growing component of U.S. agriculture and the specialty crops sector in particular. Supply is growing but demand is growing faster. Currently, the USDA estimates that the imbalance of organic imports to exports is 10:1, and increasing. One of the limiting factors for increased production is the very small amount of scientific research that has been done for organic systems, and the limited capacity of the Extension service to provide organic production information. Organic production is very information-intensive. It takes a lot of knowledge to make our organic systems successful. Our institutions and agencies are only beginning to catch up with the demand for this research.

Fruit and Vegetable Industry Overview

Members of the produce industry work hard to remain profitable, satisfy consumer demands, conform to and develop new technology, and compete in an increasingly global marketplace which is enjoying the fruits of consolidation at the retail end of the supply chain. The marketplace in which we operation is becoming less neutral and even handed. Myriad regulation, driven by food-safety concerns, responses to September 11, and other very legitimate consumer and customer needs, are placing more and more burdens on farmers and their partners who pack and ship perishable agricultural commodities. In our effort to respond to these needs, we are obliged to introduce costly measures and undertake expensive actions. These shift all the way

back to the farmer and the responsibility of supplying high-quality foods that are safe and nutritious while not being too expensive for the consumer. We work hard at this, helping to continue to ensure that the American people have an abundant supply of fresh food at prices that are very low by world standards. Federal investments to ensure our continued competitiveness are needed in research on convenience, nutrition and taste; and efforts that allow us to compete in the marketplace with new consumer packaging making fruit and vegetable consumption more convenient and readily accessible, and providing innovative fresh cut technologies. We are all working hard to fulfill consumer needs for great-tasting, high-quality fresh fruits and vegetables, and affordable healthy food choices. But we need agricultural policy priorities to assist us in that effort and make fresh fruits and vegetables accessible and available to all Americans.

The fruit and vegetable industry also produces crops that are vital to the health of Americans and represent a significant segment of American agriculture. Fruit and Vegetable production across the United States accounts for over \$26 billion in farm cash receipts, representing 28% of the US total crop value. While our domestic production remains strong, we have seen increasing imports in our sector. In all horticultural products, the U.S. imported \$21.9 billion and exported \$12.3 billion worth of goods in 2003.

Today, growers are facing the most difficult economic conditions and regulatory challenges they've seen in decades. Meanwhile, the consumption of our commodities seems to be stagnating. While the perishable nature of our products presents unique challenges and creates highly volatile markets, our industry has not relied on traditional farm programs to sustain our business. We're proud of our commitment to free markets, and don't want that to change. Like producers of program crops, the fruit and vegetable industry faces significant challenges in the production and marketing of their commodities that must be addressed if they are to remain competitive. In developing the next Farm Bill, fruit and vegetable producers are looking for investments that support the market – driving consumption and export opportunities and aid in the development of new technology and improved production practices and protect against harmful pests and diseases.

The fruit and vegetable industry strongly supports maintaining or strengthening the current restrictions that prevent the planting of fruits and vegetables on acres receiving program payments. This includes not allowing any temporary loss in program benefits as a remedy for one year or other short term shifts to fruits and vegetables. Fruit and vegetable producers are concerned that any alternations in this provision would allow commodity producers to mitigate any start-up costs or mitigate risk inherent to fruit and vegetable production resulting in unfair competition.

The industry also supports continued expansion of the State Block Grant Program for Specialty Crops that was authorized in the 2004 Specialty Crops Competitiveness Act. This program allows states to invest in programs and projects that support production-related research, commodity promotion, food safety and other programs that enhance the competitiveness of specialty crop producers. Due to the variety of crop production among states, the "state grant" nature of the program is essential to the success of the program and benefit to local producers. A few of the programs funded in California by the 2001 Block Grant were research for sustainable agriculture which focused on cost effective organic and reduced input production; funding for

school nutrition programs such as school garden and nutrition education and creation the Western Institute for Food Safety and Security (WIFSS). WIFSS has been active in outreach on food security to the fresh fruit and vegetable industry and works on the newly initiated Food and Drug Administration, Department of Health and Human Services (DHHS), FBI and USDA Strategic Partnership Program on Agroterrorism.

Nutrition Policy

The fruit and vegetable industry has the good fortune to offer consumers a healthy and nutritious product that is recognized as critical to preventing cancer and other chronic diseases, reducing obesity and diabetes, and maintaining overall good health. The *Dietary Guidelines for Americans* call for the consumption of 5 to 13 servings a day of fruits and vegetables as a cornerstone of good health. Yet, on any given day 45 percent of children eat no fruit at all, and 20 percent eat less than one serving of vegetables.

While nutrition policy is not solely a Farm Bill issue, we have a unique opportunity to ensure that policies are carefully considered so that the new *Guidelines* are fully implemented. To this end, future farm policy will not only support American agriculture; it will support and encourage the health and well-being of all Americans. Driving domestic consumption of our perishable commodities will benefit the entire fruit and vegetable industry, resulting in a stronger price for producers across the country.

The School Fruit and Vegetable Snack Program is an effective and popular nutrition intervention program proven to increase fresh fruit and vegetable consumption among children in participating schools. This program allows children to experience the great taste of fruits and vegetables and thereby has the potential to build lifelong healthy eating habits. Started in the 2002 Farm Bill and subsequently expanded during the reauthorization of Child Nutrition program in 2004, this program should be expanded in the 2007 Farm Bill.

To ensure that Americans are incorporating the government's dietary recommendations into their daily diets, the farm bill should establish a Fruit and Vegetable Nutrition Promotion Program. Meeting federal health guidelines would require Americans on average to double their consumption of fruits and vegetables, an increase in demand that would create significant value to U.S. growers in market opportunity. The program would be a cost-effective way for the federal government to invest in sustainability of U.S. fruit and vegetable growers while tackling the critical obesity and health crisis that is draining federal funds for ever-escalating health care costs.

Research Policy

Research serves as both a foundation and a catalyst for growth in the advancement of any industry. Federal investment in agricultural research dedicated to the economic vitality and long-term viability of United States specialty crops has been extremely limited. Specialty crops and their research needs are unique and important. These crops are typically characterized by

high production input costs, unique market challenges, and are a significant source of essential nutrients required for good health.

Federal investments in research and development for specialty crop production including organic production, processing, marketing, and consumption which influence public access to these vital commodities must be re-emphasized in the next farm bill. Funding that emphasizes nutrition will provide significant return on investment through better health amongst the U.S. populace and at the same time enable specialty crop producers to secure a competitive position in the global marketplace.

The new USDA/DHHS dietary guidelines have recommended the daily dietary intake of Americans be at least 52% fruits, vegetables and foods derived from specialty crops. Federal investments in agriculture should be allocated to reflect the national importance of these products to the American diet. Research funding to the USDA Agriculture Research Service (ARS), Cooperative State Research, Education, and Extension Service (CSREES), Economic Research Service (ERS), National Research Initiative (NRI), National Agricultural Statistics Service (NASS) and other USDA programs, should be significantly increased and/or reallocated to appropriately and proportionally represent the important role that specialty crops play in the maintenance of human health.

As a member of the USDA National Agricultural Research, Extension, Economics and Education Advisory Board (NAREEEAB) I served on a special subcommittee concerned with our new research and extension programs for organic agriculture. With support from this Committee and the appropriators, these good-faith efforts by the agencies have gotten off to a promising start. But they are not commensurate with either the needs of the organic sector, or the benefits to our economy, environment and citizens that increased organic farming can provide.

In directing the Department's organic research and extension activities, the Committee should first take a broad approach, ensuring that organic food and farming is recognized and served by all of USDA's programs. In addition, I believe the Committee should incorporate the following objectives to legislation authorizing USDA's REEE programs for FY2008 and beyond:

- Continue the CSREES Integrated Organic Program, funding competitive grants for integrated research, extension and education on organic production and marketing. Funding sources for this program should total at least \$15 Million annually.
- Establish a permanent National Program Leader for Organic Agriculture within CSREES.
- Establish a designated National Program for Organic Agriculture within the Agricultural Research Service, based on National Program Staff planning that is now reaching completion.
- Continue authorization for the Organic Production and Marketing Data Initiative.

Conservation Policy

Today consumers want an agricultural production system that not only produces abundant, affordable and safe food and fiber, but also conserves and enhances the natural resource base and protects the environment. The public benefits of working land conservation programs are a more stable and productive farm economy and an improved environment. Protecting the environment and productivity today will mean less cost for producing products in the future and will therefore assist in ensuring sustainability in the years ahead.

For the produce industry, there continues to be mounting pressures of decreased availability of crop protection tools that can be used to provide the abundant and safe food supply the consumer demands. In turn, environmental regulations continue to put pressure on the industry's ability to be competitive in a world economy. Because of these factors, the industry supports expanding cost share and incentive programs such as the Environmental Quality Incentives Program and the Conservation Security Program that encourages producers to invest in natural resource protection measures they might not have been able to afford without such assistance. There is also a need for targeted technical assistance to help fruit and vegetable producers' access conservation programs – providing both education on available programs and technical assistance in preparing documentation and farm assessment that are necessary to apply for the conservation programs.

International Trade Policy

The economic well-being of the produce industry and other agricultural commodity sectors depends heavily on exports which account for one-third or more of domestic production, provides jobs for millions of Americans, and makes a positive contribution to our nation's overall trade balance. This year, the value of U.S. agriculture exports is projected to be a record of \$64.5 billion. Unfortunately, imports are forecasted in 2006 at record levels of \$61.5 billion. With the United States' 2006 trade balance forecasted to be at its lowest point in 20 years, serious attention must be made to our current trade policies which help expand market access. Without improved international trade policies that advance open and fair trade practices in the global market, the U.S. surplus in agricultural trade which has declined over 90 percent since 1996 will continue to fall.

U.S. fruit and vegetable growers face significant obstacles in the development of export markets for their commodities and unique challenges due to the perishable nature of our products. Without further commitment to export market development by the federal government and commitment to reducing tariff and non-tariff barriers to trade, the U.S. produce industry will continue to lose market share to global market competitors. Farm bill programs that have worked well increasing access to foreign markets for domestically produced fruits and vegetables are the Technical Assistance for Specialty Crops and the Market Access Program. This program should be continued and expanded in the next Farm Bill.

Conclusion

We look forward to working with the committee on the development of the next farm bill. Many of the pressures that fruit and vegetable producers face are similar to those of producers of other commodities – increased regulation, high energy costs, transportation costs and input costs, but the perishability of our crops result in different marketing strategies, market requirements and the need to move our products to market quickly. We hope these unique characteristics can be addressed through agricultural policies that drive domestic consumption, and expand foreign market access while investing in research, food safety, conservation and pest exclusion policies that benefit the members of the produce industry.